# Sources of Country-Industry Productivity Growth: Total factor Productivity, Intangible Capital and Inputs Reallocation in the EU15 and the US

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**Paper Abstract:** Empirical evidence shows that intangible capital accounts for one-fifth to one-third of labor productivity growth in the market sector of the US and EU economies and that it provides a similar contribution both in manufacturing and services. Total factor productivity (TFP) instead provides a large negative contribution to labor productivity in the slow growing economies as opposed to a positive contribution in the fast growing countries (Corrado, Haskel, Jona-Lasinio, 2015). This paper develops a sources of growth analysis for the total economy with a complete accounting for intangible capital inputs focusing on the growth contributions of both market and nonmarket sectors in the EU15 and the US. We also look at the role of factor inputs reallocation as drivers of TFP growth (Jorgenson and Schreyer, 2013).

To investigate these issues, we merge newly created SPINTAN measures of public and nonmarket intangible investment with newly updated (1) INTAN-Invest industry-level measures of intangible investment for 15 EU and US economies in 1995-2013 and (2) EUKLEMS and National Account industry data on output, and labor and tangible inputs.